

## Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BUDAPEST PRIORITY

AMEMBASSY VIENNA

AMEMBASSY WARSAW PRIORITY

UNCLAS STATE 229676

E.O. 11652: N/A

TAGS: OCON, BEXP, EEWT, XH

SUBJECT: EASTERN EUROPE ECONOMIC/COMMERCIAL OFFICERS'  
CONFERENCE, SEPTEMBER 27-30, 1976

REF: STATE 214653; STATE 221062

1. AS INDICATED IN STATE 221062, CONFERENCE ORGANIZERS  
HAVE BEEN PUTTING TOGETHER A QUOTE SESSION ORGANIZATION  
GUIDE END QUOTE FOR EACH SESSION TO ASSIST PANELISTS IN  
THEIR PREPARATIONS FOR SUBJECT CONFERENCE.

2. EACH POINT SUGGESTED IN THE GUIDE REMAINS A SUGGESTION  
AND NO PANELIST COULD COVER ALL THE POINTS ADEQUATELY IN  
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THE BRIEF TIME ALLOTTED FOR HIS OR HER PRESENTATION.

PANELISTS SHOULD SELECT FROM THEIR OWN EXPERIENCES THE POINTS WARRANTING PARTICULAR EMPHASIS AND PROMISING TO STIMULATE THE GREATEST DISCUSSION.

3. FOR WARSAW. PANELISTS ARE REQUESTED TO PREPARE A BRIEF UNCLASSIFIED OUTLINE OR NARRATIVE DESCRIPTION OF THEIR PRESENTATIONS FOR SUBMISSION TO THEIR MODERATOR AT THE CONFERENCE. FINAL COORDINATION AMONG PANELISTS AND MODERATORS WILL FOLLOW IN GARMISCH.

4. SESSION ORGANIZATION GUIDE FOR 1045 HOURS ON SEPTEMBER 28, 1976 FOLLOWS:

A. AGENDA ITEM: FINANCING EAST-WEST TRADE

MODERATOR: ROBERT MUDD, DCM EMBASSY BUDAPEST

PANELISTS: MARJORY SEARING, EWEP/TREASURY; HARRY KOPP, EB/ITP/EWT, STATE; CARL LEIK, EXIMBANK; STANLEY MARCUSS, STAFF, SENATE FINANCE COMMITTEE; GERALD LAMBERTY, EMBASSY WARSAW

RAPPORTEUR: DWIGHT AMBACH, EMBASSY VIENNA

B. OBJECTIVE OF SESSION: TO EXAMINE THE IMPACT OF CURRENT AND PROJECTED EASTERN EUROPEAN INDEBTEDNESS ON: THE DEMAND FOR HARD CURRENCY FINANCING; THE AVAILABILITY OF FUNDS FROM GOVERNMENT AND PRIVATE WESTERN SOURCES; AND THE FUTURE GROWTH OF EAST-WEST TRADE.

C. THRUST OF PANELISTS' PRESENTATIONS

(1) CREDIT POSITION OF THE EASTERN COUNTRIES (MARJORY SEARING, DIRECTOR EWEP/TREASURY)

-- THE DEVELOPMENT OF INDIVIDUAL COUNTRY HARD CURRENCY TRADE DEFICITS AND HARD CURRENCY INDEBTEDNESS OVER TIME, AND PROJECTED FOR 1976;

-- PERSPECTIVE DEBT SERVICING PROBLEMS, IF ANY;  
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-- DEBT SERVICE RATIOS, DEBT-TO-EXPORT RATIOS AND ANY ADDITIONAL CALCULATIONS WHICH ADD PERSPECTIVE TO THE DEBT LEVELS OF INDIVIDUAL EAST EUROPEAN COUNTRIES;

-- CREDIT VOLUMES HELD BY MAJOR WESTERN CREDITOR NATIONS AND DIVISION OF EASTERN DEBT THEY HOLD BETWEEN GOVERNMENTAL AND PRIVATE SECTORS.

(2) IMPLICATIONS OF THE DEBT (HARRY KOPP, DEPUTY DIRECTOR  
EB/ITP/EWT, STATE)

-- POSSIBLE LIMITS ON ADDITIONAL WESTERN AND U.S. PRIVATE  
AND GOVERNMENTAL BACKED LENDING TO THE EAST;

-- IMPACT ON THE U.S. ROLE IN EAST-WEST TRADE OF THE  
CONSTRAINTS ON U.S. GOVERNMENTAL SUPPORT FOR EXPORT FINAN-  
CING;

-- THE POTENTIAL FOR EASTERN EXPANSION OF SOURCES OF HARD  
CURRENCY IN THE WEST THROUGH DEVELOPMENT OF NEW INSTITU-  
TIONS SUCH AS JOINT VENTURES WITH WESTERN BANKS, TAPPING  
NON-COMMERCIAL BANK SOURCES OF FUNDS, E.G., INSURANCE  
COMPANIES AND PENSION FUNDS.

(3) COMPETITION IN EXPORT FINANCING (CARL LEIK, SENIOR  
LOAN OFFICER, EXIMBANK)

-- WHAT CONSTRAINTS EXIST ON GOVERNMENTAL AND PRIVATE  
LENDING BY OUR COMPETITORS?

-- CAPACITY AND WILLINGNESS OF COMPETITORS (GOVERNMENT AND  
PRIVATE) TO CONTINUE TO LEND TO THE EAST.

-- POTENTIAL IMPACT OF THE UNILATERAL DECLARATIONS OF THE  
OECD COUNTRIES ON COMPETITION IN FINANCING EAST-WEST TRADE

(4) LEGISLATIVE APPROACH TO EAST-WEST FINANCING (STANLEY  
MARCUSS, SENATE COMMITTEE ON BANKING, HOUSING AND URBAN  
AFFAIRS)

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-- A REVIEW OF CONGRESSIONAL CONCERNS THAT CULMINATED IN  
EXISTING LEGISLATION;

-- ANY LEGISLATIVELY VIABLE ALTERNATIVES TO CURRENT  
CONSTRAINTS ON EAST-WEST TRADE FINANCING AND PROSPECTS FOR  
THEIR ENACTMENT.

(5) PERSPECTIVE FROM THE FIELD (GERALD LAMBERTY, E/C  
COUNSELOR, WARSAW)

-- HOW DOES AN EASTERN COUNTRY PERCEIVE THE IMPACT OF ITS  
INDEBTEDNESS ON ITS CREDITWORTHINESS IN THE WEST AND ITS  
BARGAINING POWER IN COMMERCIAL AND/OR POLITICAL MATTERS?

-- AN ASSESSMENT OF EASTERN ABILITY TO FORMULATE AND

IMPLEMENT REALISTIC POLICIES TO CONTROL THE GROWTH OF DEBT

-- EASTERN POLICY OPTIONS IN THE FACE OF INCREASING DEBT  
AND THEIR EXPECTED IMPACT. HABIB

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